

2006 TRS Active and Retired Member Survey

Prepared for:

The Texas Senate State Affairs Committee

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I. INTRODUCTION

The Texas Senate State Affairs Committee (TSSAC) contracted with the Survey Research Center (SRC) at the University of North Texas to conduct a survey of Texas Teacher Retirement System active and retired members. The purpose of the survey was to ask questions about retirement benefits and funding. The TSSAC survey was conducted as a part of the bi-annual Texas Teacher Retirement System (TRS) customer satisfaction survey with the full knowledge and approval of TRS.

Whenever applicable, responses of active members and retired members were compared. Other characteristics used for comparison were age, gender, and type of educational institution at which the member was employed.

II. METHODOLOGY

Populations

The conceptual population for the survey was all active and retired members of TRS. The populations were further stratified by age; gender and type of employer for each survey (see Table 1).

Table 1
Distribution of Demographic Characteristics in the TRS Population

	Higher Education		Public Schools		Total Counts
	Male	Female	Male	Female	
Active Members					
36 and under	15,906	27,139	45,294	154,782	243,121
37 to 45	11,997	20,698	34,825	130,265	197,785
46 to 51	8,020	15,796	25,900	98,896	148,612
52 and over	13,440	24,003	47,843	136,066	221,352
Total	49,363	87,636	153,862	520,009	810,870
Retired Members					
63 and under	2,239	4,645	13,901	49,104	69,889
64 to 69	2,386	4,355	11,249	34,773	52,763
70 to 74	2,113	3,088	8,916	23,309	37,426
75 and over	4,070	5,258	12,442	41,142	62,912
Total	10,808	17,346	46,508	148,328	222,990

Instruments

The survey instrument was constructed using questions provided by the Texas Senate State Affairs Committee. SRC staff made a draft questionnaire to address the topics of interest. Revisions to the instruments were made until the final instruments were agreed upon. The final instrument is available in the Appendix.

Data Collection

Trained telephone interviewers who had previous experience in telephone surveys were used to conduct the survey. Each interviewer completed an intensive general training session. The purposes of general training were to ensure that interviewers understood and practiced all of the basic skills needed to conduct interviews and that they were knowledgeable about standard interviewing conventions. The interviewers also attended a specific training session for the project. The project training session provided information on the background and goals of the study.

Interviewers practiced administering the questionnaire to become familiar with the questions.

All interviewing was conducted from a centralized telephone bank in Denton, Texas. An experienced telephone supervisor was on duty at all times to supervise the administration of the sample, monitor for quality control, and handle any problems.

Sample

TRS supplied SRC with contact records (see Table 1) for active members and retired members. All records included the names and addresses for all potential respondents. All but a few records lacked phone numbers. SRC began each lookup effort with a random sample of half of the supplied records. Internet phone directories were used to identify the phone numbers for each record. If a listing could not be found, directory assistance was called for a listing. If a listing obtained over the Internet was found to be incorrect once a call attempt was made, SRC used directory assistance in an attempt to obtain a new listing.

Table 2
Distribution of Demographic Characteristics in the TRS Sample

	Higher Education		Public Schools		Total Counts
	Male	Female	Male	Female	
Active Members					
36 and under	276	253	275	274	1,078
37 to 45	273	277	286	292	1,128
46 to 51	279	264	297	281	1,121
52 and over	302	159	296	296	1,053
Total	1,130	953	1,154	1,143	4,380
Retired Members					
63 and under	107	95	124	120	446
64 to 69	103	100	121	123	447
70 to 74	103	103	134	135	475
75 and over	107	107	132	137	483
Total	420	405	511	515	1,851

SRC conducted a total of 1,100 telephone interviews including 700 interviews with active members and 400 interviews with retired members. Four of the interviews were conducted in Spanish. The distribution of interviews was controlled so that an adequate number from each demographic group could be included (see Table 3).

Table 3
Distribution of Demographic Characteristics in the TRS Respondents

	Higher Education		Public Schools		Total Counts
	Male	Female	Male	Female	
Active Members					
36 and under	21	19	37	51	128
37 to 45	36	38	51	49	174
46 to 51	34	43	56	58	191
52 and over	51	29	59	68	207
Total	142	129	203	226	700
Retired Members					
63 and under	17	17	33	33	100
64 to 69	17	17	33	33	100
70 to 74	17	17	33	33	100
75 and over	17	17	33	33	100
Total	68	68	132	132	400

In a purely random sample of TRS members, 700 completed interviews with active members would yield a margin of error of +/- 3.7 percent at the 95 percent confidence level, and 400 completed interviews with retired members would yield a margin of error of +/- 4.9 percent. Since this sample was stratified by group, margin of error calculations cannot be directly applied. However, by weighting each member sample by the demographic distributions of the population, the margin of error can be approximated when presenting aggregate statistics for each of the member samples.

Weighting Method

Since one objective of the study was to obtain a sufficient number of responses in the various subgroups to permit analysis, quotas were necessary. When quotas are used, the resultant sample does not reflect the actual distribution of demographics in the population. In order to correct the disproportionate representation, when findings are presented for either all retired members or for all active members sample, the data will be weighted so that the results reflect the correct population proportions. Crosstabs by any single characteristic, such as age or gender, are also weighted.

Analysis by Demographic Groups

Each question in the survey was cross-tabulated with the following demographic categories:

- Age
- Gender
- Institution type (higher education or public schools)

Whenever the responses to a single question are divided by demographic groups, the percentage distribution of responses within one group rarely will match exactly the percentage distribution of another group; there will often be some variation between groups.

The most important consideration in interpreting these differences is to determine if the differences in the sample are representative of differences between the same groups within the general population. This consideration can be fulfilled with a test of statistical significance. The Survey Research Center only reports those differences between groups that are found to be statistically significant.

Report Format

The remainder of the report is arranged in three sections beginning with Section III. This section, "Findings: Active Member," presents the findings for active respondents regarding their plans for retirement, importance of benefits, and preferences for change in retirement benefits if circumstances warrant it. Section IV, "Findings: Retired Member," presents the findings for retired respondents regarding their preferences for increasing state funding for TRS and shared costs for TRS-Care. The last section presents the summary of the study.

III. FINDINGS: ACTIVE MEMBER

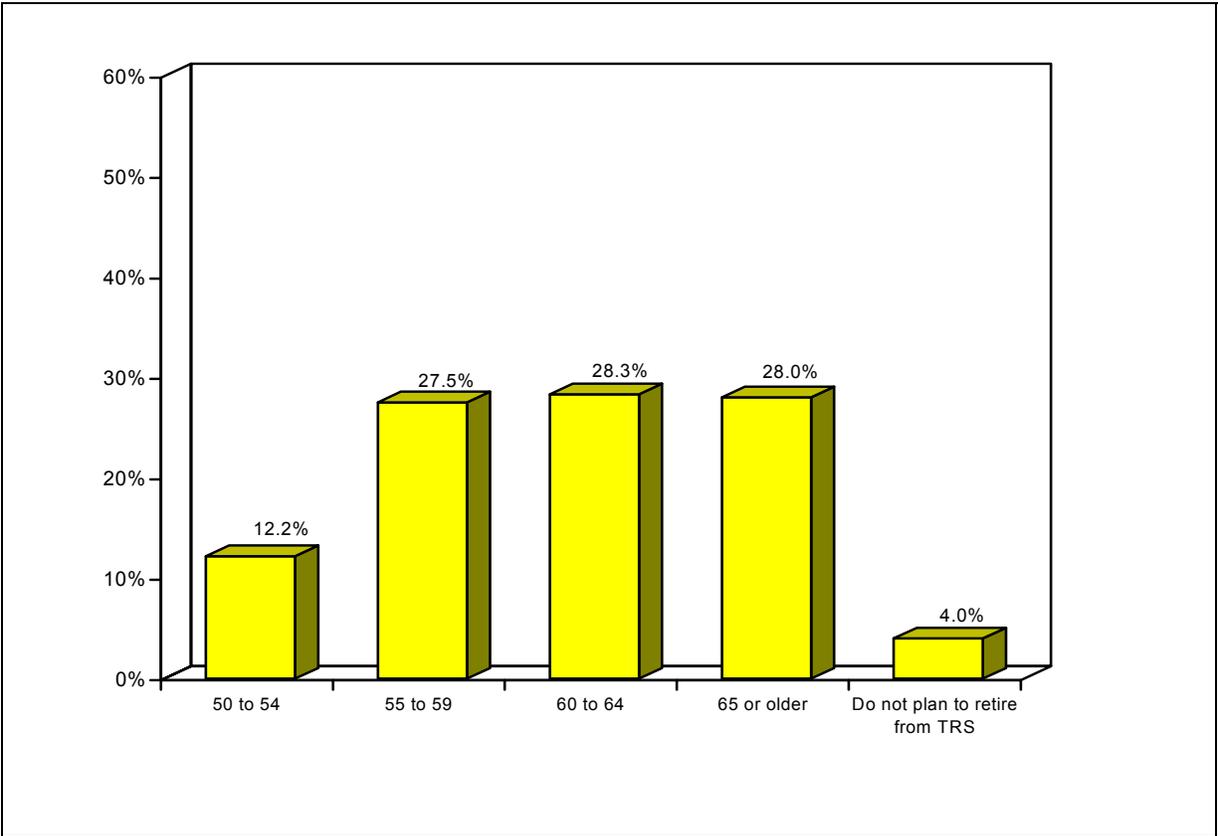
Sample Characteristics

Active member demographic characteristics in the sample are presented below in Table 4.

Table 4
Active Member Demographics
(n=700)

Demographics	Percentage Responding
Age of the respondent	
36 and under	30.0
37 to 45	24.4
46 to 51	18.3
52 and over	27.3
Education	
Public Schools	83.1
Higher education	16.9
Gender	
Male	25.1
Female	74.9

Figure 1
Age of Retirement from Teacher Retirement System
(n=566)*



- Active members were asked at what age they planned to retire from the Teacher Retirement System. Figure 1 shows that 12.2 percent planned to retire at age 50 to 54; 27.5 percent at age 55 to 59; 28.3 percent at age 60 to 64; and 28.0 percent at age 65 or older. Four percent did not plan to retire from TRS.
- As shown in Table 5, 71.3 percent of public school respondents and 52.6 percent of higher education respondents plan to retire from TRS before age 65. Respondents age 45 and under are more likely than older respondents to report they plan to retire before age 65.

* Nineteen percent or 134 respondents answered "don't know" to this question.

Table 5
Age of Retirement from Teacher Retirement System
By Selected Demographics

	Percentage responding				
	Age 50 to 54	Age 55 to 59	Age 60 to 64	Age 65 or older	Do not plan to retire from TRS
Institution					
Public schools	13.9	28.4	29.0	25.2	3.6
Higher education	4.1	22.7	25.8	41.2	6.2
Age group					
36 and under	25.0	32.3	17.1	22.6	3.0
37 to 45	9.8	31.8	33.3	22.0	3.0
46 to 51	10.0	27.0	27.0	31.0	5.0
52 and over	2.4	19.6	36.9	35.7	5.4

Table 6
Importance of Retirement Benefits

	Percentage responding			
	Very Important	Important	Somewhat Important	Not important
Automatic cost of living adjustments after retirement (n=691)	70.6	27.0	1.5	0.9
Death benefits for beneficiaries (n=696)	59.7	33.5	4.3	2.4
Rule of 80 (age plus years of service) in order to retire with 100% of benefits (n=669)	53.4	33.1	6.1	7.4
Option to retire early (n=691)	30.0	33.5	15.4	21.1
Partial "lump" sum cash option at retirement (n=679)	19.4	38.2	20.6	21.7

- Active members were asked to rate the importance of the retirement benefits listed in Table 6. The benefits are listed in descending order of very important/important ratings.
- As shown in Table 6, 97.6 percent of the respondents indicated that automatic cost of living adjustments after retirement were either very important (70.6 percent) or important (27.0 percent). Seventy-two percent of public school respondents and 63.8 percent of higher education reported that automatic cost of living adjustments after retirement were very important (see Table 7).

Table 7
Automatic Cost of Living Adjustments after Retirement
By Selected Demographics

	Percentage responding			
	Very important	Important	Somewhat important	Not important
Institution				
Public schools	72.0	26.3	0.9	0.9
Higher education	63.8	30.2	4.3	1.7

- Ninety-three percent of the respondents reported that death benefits for beneficiaries were either very important (59.7 percent) or important (33.5 percent).
- The Rule of 80 (age plus years of service) to retire with 100 percent of benefits was either very important (53.4 percent) or important (33.1 percent) to 86.5 percent of the respondents.
- Sixty-four percent of the respondents indicated that the option to retire early was either very important (30.0 percent) or important (33.5 percent). As shown in Table 8, respondents age 52 and over were less likely than younger respondents to indicate that the option to retire early was either very important (20.9 percent) or important (19.4 percent).

**Table 8
Option to Retire Early
By Selected Demographics**

	Percentage responding			
	Very important	Important	Somewhat important	Not important
Age group				
36 and under	35.8	37.7	16.2	10.3
37 to 45	32.7	38.7	16.1	12.5
46 to 51	30.5	41.4	9.4	18.8
52 and over	20.9	19.4	18.3	41.4

- Fifty-eight percent report that the partial "lump" sum cash option at retirement was either very important (19.4 percent) or important (38.2 percent). As shown in Table 9, female respondents were more likely than male respondents to indicate that this option was either very important or important. Respondents age 52 or older were less likely than younger respondents to report this option was very important or important to them.

**Table 9
Partial Lump Sum Cash Option at Retirement
By Selected Demographics**

	Percentage responding			
	Very important	Important	Somewhat important	Not important
Gender				
Male	17.1	34.7	18.8	29.4
Female	20.2	39.5	21.2	19.1
Age group				
36 and under	16.7	41.9	26.1	15.3
37 to 45	16.2	48.5	18.6	16.8
46 to 51	25.8	35.5	14.5	24.2
52 and over	20.7	27.2	20.7	31.5

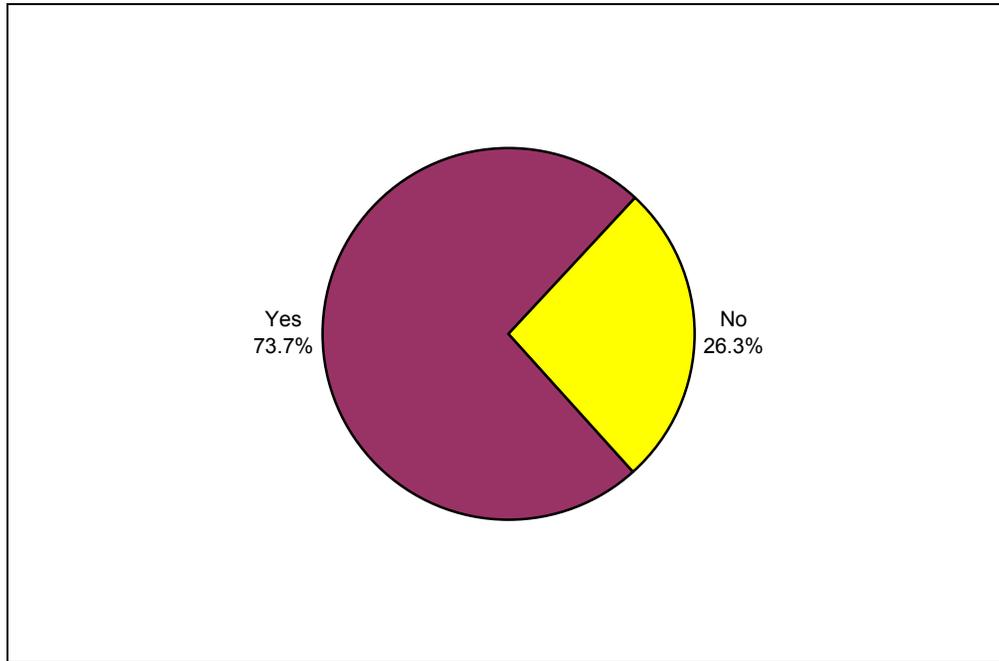
- Respondents that answered "very important" to more than two of the retirement options in Table 5 were asked to choose the two options that were most important to them. As shown in Table 10, 63.8 percent of those respondents selected automatic cost of living adjustments after retirement. Half (52.3 percent) selected the Rule of 80. Smaller percentages chose death benefits for beneficiaries (39.6 percent), the option to retire early (22.3 percent), and the partial "lump" sum cash option at retirement (13.2 percent).

Table 10
Ranking of Benefits
(n=351)

	Percentage responding*
Automatic cost of living adjustments after retirement	63.8
Rule of 80 (age plus years of service) in order to retire with 100% of benefits	52.3
Death benefits for beneficiaries	39.6
Option to retire early	22.3
Partial "lump" sum cash option at retirement	13.2

* Because each of these questions was asked separately, the percentages will not add to 100.0 percent.

Figure 2
Salary Increase Would Encourage Working Longer and Delaying Retirement
(n=647)



- Active respondents were asked if an increase in salary when they became eligible to retire would encourage them to work longer and delay retirement. Nearly three-quarters (73.7 percent) of the respondents answered "yes" (see Figure 2).

Table 11
Support for Adjustments to Pension Benefit Funding Structure

	Percentage responding			
	Very supportive	Somewhat supportive	Somewhat unsupportive	Not at all supportive
Require the local employer (i.e. school district or college) to contribute to the retirement fund (n=686)	57.8	33.3	3.5	5.4
Require equal contributions by the state, active members, and a new employer contribution (n=656)	47.9	41.6	3.0	7.4
Require equal contributions by the state and active members (n=659)	46.9	43.4	3.6	6.1
Increase state and active member contributions to the retirement fund (n=667)	34.2	49.5	8.0	8.3
Reduce benefits and not increase active member contributions (n=663)	10.7	20.0	16.2	53.1

- Active members were read a list of possible adjustments (see Table 11) that could be made to the pension benefit funding structure and asked which of these options they would support. The options are presented in descending order of "very supportive."
- As shown in Table 7, 57.8 percent of the respondents were very supportive of the option to require the local employer to contribute to the retirement fund.
- Nearly half (47.9 percent) were very supportive of the option to require equal contributions by the state, active members, and a new employer contribution.
- Forty-seven percent were very supportive of the option to require equal contributions by the state and active members.
- About one-third (34.2 percent) of the respondents were very supportive of the option to increase state and active member contributions to the retirement fund.
- Eleven percent of the respondents were very supportive of the option to reduce benefits and not increase active member contributions. Fifty-three percent were not at all supportive of this option. As shown in Table 12, 61.3 percent of male respondents and 50.4 percent of female respondents were not at all supportive of this option. The percentage of respondents who were not at all supportive of this option increased as the age of the respondent increased.

Table 12
Reduce Benefits/Not Increase Active Member Contributions
By Selected Demographics

	Percentage responding			
	Very supportive	Somewhat supportive	Somewhat unsupportive	Not at all supportive
Gender				
Male	10.4	13.3	15.0	61.3
Female	10.8	22.2	16.5	50.4
Age group				
36 and under	11.2	24.0	20.4	44.4
37 to 45	15.0	19.4	17.5	48.1
46 to 51	11.1	15.9	15.9	57.1
52 and over	6.1	18.9	10.6	64.4

Table 13
Favor Changes to Retirement Benefits

	Percentage responding		
	1 st Choice (n=659)	2 nd Choice (n=634)	Least-favored Choice (n=630)
Maintain the Rule of 80 but establish a minimum retirement age	48.8	20.4	6.2
Increase active member contributions	9.5	22.2	18.7
Require early age retirees to accept a reduced annuity benefit at retirement	14.0	16.9	36.0
Increase the Rule of 80	5.2	19.1	39.1
Do not like any	22.6	21.4	--

- Active members were asked which of the options listed in Table 13 they would favor most if changes to retirement benefits become necessary in the future. The options are listed in descending order of first and second choices.
- As shown in Table 13, 69.2 percent of the respondents indicated that maintaining the Rule of 80 but establishing a minimum retirement age was either their first (48.8 percent) or second choice (20.4 percent).
- Thirty-two percent of the respondents selected increasing active member contributions as their first (9.5 percent) or second choice (22.2 percent)
- Thirty-one percent reported that requiring early age retirees to accept a reduced annuity benefit at retirement was either their first (14.0 percent) or second choice (16.9 percent).
- Thirty-nine percent of the respondents indicated that increasing the Rule of 80 was their least-favored choice.
- Forty-four percent (22.6 percent - first choice; 21.4 percent - second choice) did not like any of the choices presented.

IV. FINDINGS: RETIRED MEMBER

Sample Characteristics

Retired member demographic characteristics in the weighted sample are presented in Table 14. The active member demographic characteristics in the weighted sample are presented in Table 4.

Table 14
Retired Member Demographics
(n=400)

Demographics	Percentage Responding
Age of the respondent	
63 and under	31.3
64 to 69	23.7
70 to 74	16.8
75 and over	28.2
Education	
Public Schools	87.4
Higher education	12.6
Gender	
Male	25.7
Female	74.3

Table 15
Options for Increasing State Funding for TRS

	Percentage responding	
	1 st Choice (n=369)	2 nd Choice (n=333)
An increase in the state contribution rate to the TRS pension fund to enhance the long-term funding of the program	44.4	30.9
A one-time additional partial month annuity payment (also known as a 13 th month check)	17.4	30.8
Additional state funding for retiree health care (TRS-Care)	32.9	33.3
Do not like any option	5.3	4.9

- Retired members were asked which of the options listed in Table 15 they would favor most if the state were to increase its funding for TRS. A majority of respondents favored an increase in the state contribution rate to the TRS pension fund to enhance the long-term funding of the program. Public school respondents (66.6 percent) were more likely than higher education respondents (47.6 percent) to favor additional state funding for retiree health care.

Table 16
Favor Changes to Retirement Benefits

	Percentage responding		
	1 st Choice (n=346)	2 nd Choice (n=192)	Least-favored Choice (n=316)
Increased co-pays	25.3	25.4	13.7
Increased deductibles	10.0	36.7	11.1
Increased premiums	12.1	18.5	45.4
Exclusion or limitation of certain existing benefits	10.5	7.5	29.8
Do not like any	42.2	11.9	--

- Retired members were told that as health care costs increase, the state may have to make changes in the funding of TRS-Care. Respondents were then asked which of the options listed in Table 16 they would favor most if participants are required to share some of the increased costs. As shown in Table 16, retired members most favored increased co-pays followed by increased deductibles.
- Male respondents (39.3 percent) were more likely than female respondents (27.7 percent) to favor increased deductibles as a first or second choice.

V. SUMMARY

The findings from the TRS 2006 Retired and Active Member Survey can be used as an indication of member perceptions about retirement and retirement benefits among retired members and active members.

Active Members

Important retirement benefits, ranked by active members in descending order of very important/important percentages, were: automatic cost of living adjustments after retirement (97.6 percent), death benefits for beneficiaries (93.2 percent), Rule of 80 (86.5 percent), option to retire early (63.5 percent), and partial "lump" sum cash option at retirement (57.6 percent).

Nearly three-quarters (73.7 percent) of the active members reported that an increase in salary when they became eligible to retire would encourage them to work longer and delay retirement.

Support for adjustments to the pension benefit funding structure varied. Active members were very supportive of the following options: requiring the local employer to contribute to the retirement fund (57.8 percent), requiring equal contributions by the state, active members, and a new employer contribution (47.9 percent), and requiring equal contributions by the state and active members (46.9 percent). Active members were less supportive of increasing state and active member contributions to the retirement fund (34.2 percent), and reducing benefits and not increasing active member contributions (10.7 percent).

When asked which choices they would favor if changes to retirement benefits became necessary in the future, 69.2 percent indicated that maintaining the Rule of 80 but establishing a minimum retirement age was either their first or second choice. Thirty-two percent selected increasing active member contributions as their first or second choice.

Retired Members

When asked which options retired members would favor most if the state were to increase its funding for TRS, a majority (75.3 percent) favored an increase in the state contribution rate to the TRS pension fund to enhance the long-term funding of the program as their first or second choice. Smaller percentages of retired members favored additional state funding for retiree health care (66.2 percent) or a one-time additional partial monthly annuity payment (48.2 percent) as their 1st or 2nd choice.

Approximately half (50.7 percent) of the retired members favored (1st or 2nd choice) increased co-pays as an option if the state has to make changes in the funding of TRS-Care. Less favored options included: increased deductibles (46.7 percent), increased premiums (30.6 percent), or an exclusion or limitation of certain existing benefits (18.0 percent). Fifty-four percent did not like any of these options.

APPENDIX: SURVEY INSTRUMENT

These few questions are being asked on behalf of the Texas Senate State Affairs committee. As with the previous questions (*Note to the reader: these survey questions were added to the end of the bi-annual 2006 TRS Survey*), all of your answers will be kept confidential. The results of this section will be reported only to the Senate State Affairs Committee and not to TRS. If you have any questions about this section, please contact the Senate State Affairs Committee at 512-463-0380.

Active Member Questions

1. At what age do you plan to retire from the Teacher Retirement System?

- 1. Age 50 to 54
- 2. Age 55 to 59
- 3. Age 60 to 64
- 4. Age 65 or older
- 5. Do not plan to retire from TRS
- 9. NR/DK

2a. Please tell me if the following retirement benefits are very important, important, somewhat important, or not important to you.

Benefit	Very important	Important	Somewhat important	Not important	NR/DK
a. Option to retire early	1	2	3	4	9
b. Partial "lump" sum cash option at retirement	1	2	3	4	9
c. Rule of 80 (age plus years of service) in order to retire with 100% of benefits?	1	2	3	4	9
d. Automatic cost of living adjustments after retirement	1	2	3	4	9
e. Death benefits for beneficiaries	1	2	3	4	9

2b. (If more than two from Q2 are rated "very important") You had mentioned the following services were very important [read list]. Of those benefits, which are the two most important to you?

3. If you were offered an increase in salary when you become eligible to retire, would this encourage you to work longer and delay retirement?

- 1. YES
- 2. NO
- 9. NR/DK

4. I am going to list a number of possible adjustments to the pension benefit funding structure. Please tell me if you would be: very supportive; somewhat supportive; somewhat unsupportive; not at all supportive to each of the listed options.

- a. Increase state and active member contributions to the retirement fund
- b. Require equal contributions by the state and active members
- c. Require the local employer (i.e. school district or college) to contribute to the retirement fund
- d. Require equal contributions by the state, active members, and a new employer contribution
- e. Reduce benefits and not increase active member contributions

5a. If changes to retirement benefits become necessary in the future, please tell me which one of the following options you would most favor

- Maintain the Rule of 80 (*age plus years of service) but establish a minimum retirement age
- Increase the Rule of 80
- Increase active member contributions
- Require early age retirees to accept a reduce annuity benefit at retirement
- DO NOT LIKE ANY
- NR/DK

5b. What would be your next choice?

5c. What would be your least favored option?

Retiree Questions

1a. If the state were to increase its funding for TRS, which one of the following expenditure options would you most favor?

- An increase in the state contribution rate to the TRS pension fund to enhance the long-term funding of the program.
- A *one-time* additional partial month annuity payment (also known as a 13th month check).
- Additional state funding for retiree health care (TRS-Care)
- DO NOT LIKE ANY
- NR/DK

1b. What would be your next choice?

2a. As health care costs increase; the state may have to make changes in the funding of TRS-Care. If participants are required to share some of the increased costs, please tell me which of the following options you would most favor

- Increased premiums
- Increased deductibles
- Increased co pays
- Exclusion or limitation of certain existing benefits
- DO NOT LIKE ANY
- NR/DK

2b. What would be your next choice?

2c. What would be your least favored option?